

CITY COUNCIL

Committee of the Whole

Monday, July 9, 2012

Council Office

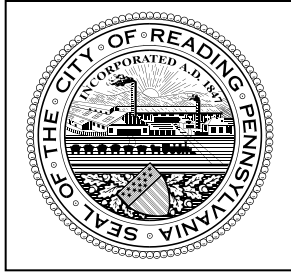
5:00 pm

Agenda

Although Council committee meetings are open to the public, public comment is not permitted at Council Committee of the Whole meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the President of Council.

All electronic recording devices must be located behind the podium area in Council Chambers and located at the entry door in all other meeting rooms and offices, as per Bill No.27-2012

- I. Refunding of the 2008 Series E Bonds (P. Edelman)**
- II. Reading Phillies Lease Agreement (P. Edelman)**
- III. Litigation Update – Executive Session (C. Younger)**
- IV. Agenda Review**



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
June 25, 2012
5:00 P.M.

COUNCIL MEMBERS PRESENT:

D. Sterner, D. Reed, R. Corcoran, S. Marmarou, F. Acosta

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, D. Cituk, C. Younger, R. Johnson, M. Vind, D. Rauch

Council President Acosta called the Committee of the Whole meeting to order at 5:08 p.m.

I. Refinancing Reading Phillies Loan

Mr. Vind stated that this action would extend the lease agreement to 2027 and the loan payments to 2037. He stated that PFM supports the loan extension.

Mr. Acosta questioned PFM's full stance on this issue. Mr. Vind stated that they support the refinancing but have concerns about the lease agreement. Ms. Kelleher asked Council to consider that in most locations stadiums are owned by the municipality and maintained and improved by the municipality. She stated that in Reading's case, the City owns the stadium but that it is maintained and improved by the Reading Phillies.

Mr. Spencer arrived at this time.

Mr. Marmarou stated that Reading has the finest stadium in the league. He also noted their work with Baseballtown Charities.

Mr. Cituk questioned if the terms of the extended lease would be available for review. Mr. Acosta stated that these are public documents and should be available for review.

Mr. Cituk reminded Council to be cognizant of taxpayers as they are reviewing the revised lease agreement. He noted the need to consider rent payments.

Mr. Acosta stated that there was good discussion on this topic at the June Work Session. He noted that the owner of the Reading Phillies was receptive to Council's concerns.

II. Refunding of the 2008 Series E Bonds

Mr. Vind stated that PFM also approves this transaction. He stated that this ordinance will be introduced this evening.

Mr. Corcoran questioned the savings to the City through this transaction. Mr. Vind stated that the City will save \$1 million in 2012.

Mr. Cituk stated that the City will be electing to take the savings upfront rather than spread it out over the term of the bond. Mr. Vind stated that this is open for discussion if necessary.

Mr. Cituk agreed with the City electing to take the savings upfront.

Mr. Agudo arrived at this time.

Mr. Vind and Mr. Rauch left the meeting at this time.

III. Review Quality of Life Recommendations

Mr. Acosta commended Mr. Agudo for his presentation at the June Work Session.

Mr. Marmarou stated that the "Welcome to Reading" guide has not been updated for several years. He suggested that this should be updated and distributed to new residents. He stated that he introduces himself to new residents in his neighborhood and gives them a copy of the guide. He suggested that the guide also be translated into Spanish.

Mr. Acosta noted the need for the City to enforce regulations and educate residents.

Mr. Spencer stated that Quality of Life violations will continue to be enforced. He stated that six violations make up 97% of tickets issued. He stated that the program has surpassed the budgeted revenue and that there is a perception by residents that the only reason the City is pursuing the program is to increase revenue. He stated that to date in 2012, \$600,000 has been collected and another \$600,000 has not been uncollected. He noted that further education may dispel this myth. He stated that the program is needed to change resident behaviors and to clean the City.

Mr. Spencer also noted the need to correct the appeal process. He suggested that a third party be used to review appeals. He also stated that the wait time for an appeal should be shorter. He noted his hope that the number of tickets will decrease as behaviors change. He noted the need to better define some of the violations.

Mr. Marmarou noted that Reading modeled their violations based on those used by other cities. He noted that the appeal cannot be returned to the MDJ as many violations are not enforced, especially during election years. Mr. Spencer stated that appeals will not return to the MDJs.

Mr. Marmarou stated that a small number of people who receive tickets appear before Council. He stated that he visited the property of one such person whose garden does not fit into this neighborhood. He noted the need for this garden to be addressed.

Mr. Spencer stated that there is a cost involved in addressing the program. He stated that the excess revenue from the program will be used to assist with education. He stated that the Mayor's office also receives many complaints about the program and that many times people want to view the photographs of their property. He stated that this issue is also being addressed with IT and may assist with decreasing appeals. Currently residents cannot view the photo until the date of their appeal.

Mr. Spencer stated that investors have legitimate concerns as it seems that they are targeted.

Mr. Acosta agreed with Mr. Spencer regarding investors. He noted that one investor showed him 20+ tickets. Mr. Agudo stated that he has proposed setting eight as the maximum number of tickets issued to a property on the same issue.

Ms. Reed noted the need for investors to have better tenants.

Mr. Corcoran stated that some tenants have mastered the art of deception during interviews.

Mr. Marmarou suggested that investors add a clause to their lease that eviction will occur if tickets are received.

Mr. Acosta questioned if the legislation needed to be amended to issue tickets to tenants. He noted the transient nature of Reading residents. Ms. Kelleher stated that this would mean that investors would need to inform Codes each time a tenant moved out and another moved in. She stated that this could become a paperwork nightmare.

Mr. Corcoran noted his support of a third party hearing appeals. He also noted his support of bilingual education. He suggested that this excess revenue be used to maintain City properties and to mow grass in City parks. He noted the need for the City to lead by example.

Mr. Spencer suggested that the excess revenue also be used toward neighborhood cleanups.

Mr. Agudo noted the need to address blight. He suggested that the excess revenue also be used to supplement the Blighted Property Review Committee. He stated that he plans to educate residents and work to assist residents. He noted the need to clarify the items which may be ticketed and to use photos to illustrate what is acceptable and what is not.

Mr. Marmarou expressed the belief that very few Latinos can read Spanish. Ms. Reed and Mr. Acosta stated that they do not believe this to be true. Mr. Acosta added that many Latinos come from countries with low educational levels but that this is not the majority.

Mr. Sterner noted his support of correcting the appeal process. He noted that only 3 – 4% of tickets are appealed and noted that he didn't understand why the appeal is scheduled so far in the future. Mr. Acosta stated that Mr. Agudo is now double scheduling appeals as many don't appear for their appeal. He also noted that the number of appeals may drop after residents can view the photo of their property showing the violation.

Mr. Sterner stated that he does not support issuing the first ticket with no fee. He stated that this was already done at the start of the program. Mr. Acosta and Ms. Reed agreed.

Mr. Waltman arrived at this time.

Mr. Spencer stated that many times those who come to the office to complain do not appeal the ticket after they are shown the photos. He noted that this procedure may be used at the Codes counter to decrease appeals and that the Administration is also looking at other ways to expedite the process. He stated that IT is currently working on a way to link the photo to the ticket to allow residents to view their ticket and photos online. He reminded all that residents are entitled to appeal.

Mr. Marmarou suggested that each Councilor hear appeals for their district. Ms. Reed stated that this process will be used for zoning appeals only to clear the backlog.

Ms. Reed noted the need for all to use common sense in relation to the tickets. She suggested that Codes be judicious in how tickets are issued. She expressed the belief that not all issues addressed by the tickets are priorities City-wide. She noted the need to address blight.

Mr. Corcoran suggested including a photo with the mailed ticket. Mr. Agudo stated that the quality of the photo will be poor and may not assist the resident.

Mr. Sterner questioned the percentage of residents who are issued multiple tickets for the same issues. Mr. Agudo stated that this information was included in his presentation at the June Work Session but that he did not have it with it. Ms. Reed recollected that it was a large percentage.

Mr. Waltman noted the need for delineation of the City's goals. He stated that litter on sidewalks must be addressed. He suggested using one small area of the City to test and perfect any recommendations. He stated that some areas of the City also need more enforcement than others. He stated that density creates problems and that the program should be focused on these areas. He noted that he supports the recommendations made.

Mr. Spencer stated that residents need to learn that gutters are not trash cans and the street sweeper program is not in place to remove household waste.

Mr. Waltman agreed and stated that the sweeper program has caused more people to believe that they may throw their waste into the gutters.

Ms. Reed noted that homeownership versus rental also impacts these items.

Mr. Agudo thanked Council for their feedback. He stated that he hopes that the changes to the program are successful and decrease the need for tickets.

Mr. Acosta noted the need for the program to be tailored to each neighborhood.

Mr. Sterner questioned next steps. Mr. Spencer stated that the education will begin and that any amendments needed to the legislation will be brought to Council.

IV. Agenda Review

Council reviewed this evening's agenda including the following:

- Ordinance amending Housing by expanding the definition of a Vacant Property

Mr. Corcoran voiced his concern that if a property is for sale or under renovation the owner should not be further burdened by needing to comply with this ordinance.

Ms. Reed stated that properties can be for sale or under renovation for extended time periods.

Mr. Corcoran stated that he will not be supporting this ordinance.

Mr. Lloyd arrived at this time.

- Ordinance amending the Position Ordinance in the Codes Office

Mr. Spencer stated that the Administration is requesting that this ordinance be tabled. He noted the need for further discussion with HR.

- Ordinance amending Chapter 13 regarding a Billing Agent for False Burglar Alarms

Ms. Katzenmoyer explained that this will allow false burglar alarms to be billed to property owners for the Police Department.

Mr. Acosta requested that the Fire Marshall be present at a future meeting to discuss false fire alarms.

- Ordinance entering an Agreement for the Wyomissing Creek Watershed

Ms. Katzenmoyer explained that this ordinance may not need to be codified and that she will be working with Mr. Younger to finalize the format before the ordinance is eligible for final passage.

V. Utility Work

Mr. Waltman noted his hope that the City would work with UGI on the gas meter issue. He stated that this is especially inappropriate in the City's historic districts. He stated that UGI is working with other municipalities in Pennsylvania.

Mr. Spencer stated that these meters are unsightly.

Mr. Acosta questioned if there was any follow up on this issue. Ms. Kelleher stated that she has contacted UGI. Mr. Spencer stated that he is willing to discuss this issue with them.

Mr. Waltman stated that a State law is allowing this work to be done.

VI. Sewer Fund

Mr. Waltman noted the need for Council to understand the amount of funds which can be used from the Sewer Fund and the items the funds can be used for. He stated that he has requested this information in the past. Ms. Kelleher stated that Mr. Miravich supplied this information.

The meeting adjourned at 6:37 pm.

Respectfully
Submitted
Linda A. Kelleher, CMC, City Clerk

CITY OF READING
COUNTY OF BERKS
COMMONWEALTH OF PENNSYLVANIA

ORDINANCE NO. _____
ENACTED: JULY 9, 2012

AN ORDINANCE OF THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, SETTING FORTH ITS INTENT TO ISSUE A SERIES OF FEDERALLY-TAXABLE GENERAL OBLIGATION BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FIFTEEN MILLION DOLLARS (\$15,000,000) PURSUANT TO THE ACT OF THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA, 53 PA.C.S. CHAPTERS 80-82, AS AMENDED, REENACTED AND SUPPLEMENTED, KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT (THE "ACT"); FINDING THAT A PRIVATE SALE BY NEGOTIATION IS IN THE BEST FINANCIAL INTERESTS OF THE CITY; DETERMINING THAT SUCH BONDS SHALL EVIDENCE NONELECTORAL DEBT OF THE CITY; SPECIFYING THAT SUCH INDEBTEDNESS IS TO BE INCURRED TO PROVIDE FUNDS FOR CERTAIN PROJECTS OF THE CITY WHICH INCLUDE THE FOLLOWING: (1) THE CURRENT REFUNDING OF THE CITY'S OUTSTANDING FEDERALLY-TAXABLE GENERAL OBLIGATION VARIABLE RATE DEMAND BONDS, SERIES E OF 2008; AND (2) PAYING THE COSTS AND EXPENSES OF ISSUANCE OF THE BONDS; SETTING FORTH THE REASONABLE ESTIMATED USEFUL LIVES OF THE CAPITAL PROJECTS THAT ARE TO BE REFINANCED BY THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF SUCH BONDS AT PRIVATE SALE BY NEGOTIATION; PROVIDING THAT SUCH BONDS, WHEN ISSUED, SHALL CONSTITUTE A GENERAL OBLIGATION OF THE CITY; FIXING THE DENOMINATIONS, DATED DATE, INTEREST PAYMENT DATES, MATURITY DATES, INTEREST RATES, REDEMPTION PROVISIONS, MANDATORY REDEMPTION PROVISIONS (IF APPLICABLE) AND PLACE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AUTHORIZING SPECIFIED OFFICERS OF THE CITY TO CONTRACT WITH THE PAYING AGENT FOR ITS SERVICES IN CONNECTION WITH THE BONDS; SETTING FORTH THE SUBSTANTIAL FORM OF THE BONDS EVIDENCING THE DEBT; AUTHORIZING EXECUTION AND ATTESTATION OF SUCH BONDS; PROVIDING COVENANTS RELATED TO DEBT SERVICE APPLICABLE TO SUCH BONDS TO THE EXTENT REQUIRED BY THE ACT AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY IN SUPPORT THEREOF; CREATING A SINKING FUND IN CONNECTION WITH SUCH BONDS, TO THE EXTENT REQUIRED BY THE ACT; DESIGNATING THE PAYING AGENT TO BE THE SINKING FUND DEPOSITARY; PROVIDING A COVENANT TO INSURE PROMPT AND FULL PAYMENT FOR SUCH BONDS WHEN DUE; SETTING FORTH REGISTRATION AND TRANSFER PROVISIONS WITH RESPECT TO SUCH BONDS; AUTHORIZING THE EXECUTION OF ONE OR MORE INVESTMENT AGREEMENTS BY SPECIFIED OFFICERS OF THE

CITY (IF APPLICABLE) AND THE PURCHASE OF CERTAIN U.S. TREASURY OBLIGATIONS OR ANY OTHER SECURITIES OR INVESTMENTS IN CONNECTION WITH THE PROJECT; AUTHORIZING AND DIRECTING SPECIFIED OFFICERS OF THE CITY TO DO, TO TAKE AND TO PERFORM CERTAIN SPECIFIED, REQUIRED, NECESSARY OR APPROPRIATE ACTS TO EFFECT THE ISSUANCE OF THE BONDS, INCLUDING, WITHOUT LIMITATION, THE PREPARATION OF A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, AND THE FILING OF SPECIFIED DOCUMENTS WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, ALL AS REQUIRED BY THE ACT; DECLARING THAT THE DEBT TO BE EVIDENCED BY SUCH BONDS, TOGETHER WITH ALL OTHER INDEBTEDNESS OF THE CITY, WILL NOT BE IN EXCESS OF ANY APPLICABLE LIMITATION IMPOSED BY THE ACT; AUTHORIZING PROPER OFFICERS OF THE CITY TO DELIVER THE BONDS UPON THE APPROVAL OF THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT; AUTHORIZING THE PURCHASE OF BOND INSURANCE (IF APPLICABLE); SETTING FORTH THE PROVISIONS, IF ANY, REQUIRED TO BE INCLUDED BY THE BOND INSURER; AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE CERTIFICATE AND COVENANTING TO COMPLY WITH THE PROVISIONS THEREOF; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HERewith.

WHEREAS, the City of Reading, Berks County, Pennsylvania (the “City”), was incorporated under the laws of the Commonwealth of Pennsylvania; and

WHEREAS, the City, in contemplation of the issuance and sale its Federally-Taxable General Obligation Bonds in an aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000), to provide funds for and towards certain projects of the City, has determined that the Bonds (hereinafter defined) shall be offered for sale at a private sale by negotiation pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth, as re-enacted and amended (the “Act”) and has determined that a private sale by negotiation is in the best financial interests of the City; and

WHEREAS, the Council of the City of Reading (the “Council”) has determined that such Bonds will be designated generally as “City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Bonds, Series C of 2012” (the “Bonds”) or such other name or designation as shall be selected by the Mayor of the City upon delivery of the Bonds in accordance with Section 7 hereof; and

WHEREAS, the Bonds shall be issued in the aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000); and

WHEREAS, the Council has determined to accept the proposal of PNC Capital Markets LLC (the “Purchaser”), for the purchase of the Bonds, such sale to be conditioned upon, among other things, the receipt of approval from the Department of Community and Economic

Development of the Commonwealth (the “Department”) relating to the issuance of the indebtedness to be evidenced by the Bonds; and

WHEREAS, the City has heretofore issued its Federally-Taxable General Obligation Variable Rate Demand Bonds, Series E of 2008 in the original principal amount of \$13,175,000 (the “2008 Bonds”); and

WHEREAS, the City desires to authorize the refunding of the 2008 Bonds for the purpose of reducing total debt service over the life of the issue; and

WHEREAS, the Bonds which are being issued to refund the 2008 Bonds will not be outstanding through a maturity date that could not have been included in the issue of the 2008 Bonds; and

WHEREAS, the Council has determined to and desires to accept the proposal of the Purchaser and to incur nonelectoral debt in the aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000) to be issued from time to time to fund certain projects (hereinafter described) of the City pursuant to the provisions of the Act.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA HEREBY ORDAINS AS FOLLOWS:

- Pursuant to the provisions of this Ordinance, the Council hereby authorizes and directs the issuance of a series of Bonds in the aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000) to be designated generally as “City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Bonds, Series C of 2012” or such other name or designation as shall be selected by the Mayor of the City upon delivery of the Bonds in accordance with the requirements of Section 7 hereof. The Bonds shall be issued and sold in accordance with the provisions of the Act by private sale by negotiation. In connection therewith, the Council hereby finds and determines that a private sale by negotiation is in the best financial interests of the City.
- The Council determines that the debt to be incurred pursuant to this Ordinance, and which will be evidenced by the Bonds, shall be nonelectoral debt of the City.
- A brief description of the project (the “Project”) to be funded with, among other things, the proceeds of the Bonds to be issued from time to time pursuant to this Ordinance is as follows: (1) the current refunding of the 2008 Bonds; and (2) paying the costs and expenses of issuance of the Bonds.

The remaining realistic estimated useful lives of the capital projects originally financed by the 2008 Bonds and to be refinanced by the Bonds are at least 20 years.

Stated installments or maturities of principal of the issue of Bonds will not be deferred beyond the later of one year after the estimated date for the completion of the construction portion of the Project, if any, or two years from the date of issue of the Bonds.

The City hereby finds and certifies that realistic cost estimates have been obtained for the costs of the Project from financial analysts, registered architects, professional engineers or other persons qualified by experience to provide such estimates.

In connection with the issuance and sale of the Bonds, the Council, as required by the provisions of the Act, hereby finds, determines and states (a) that the purpose of the refunding of the 2008 Bonds is to reduce total debt service over the life of the issue; and (b) that the refunding of the 2008 Bonds is authorized and permitted under and pursuant to the provisions of Section 8241 of the Act. The Council further finds and determines that the final maturity date of the Bonds issued to effect the refunding of the 2008 Bonds does not extend to a date that could not have been included in the 2008 Bond issue.

The Council of the City hereby authorizes and directs its proper officers, agents and employees to execute all documents and take all actions necessary in connection with accomplishing the refunding of the 2008 Bonds, including, but not limited to providing notice to the Paying Agent for the 2008 Bonds, and to call the 2008 Bonds for optional redemption in full on the first date the 2008 Bonds are eligible to be called for optional redemption. In accordance with Section 8246 of the Act, it is the intent of the Council that the 2008 Bonds shall no longer be outstanding from and after the date of the issuance of the Bonds.

- Subject to the approval of the Department, as required by the provisions of the Act, the Council shall and does hereby accept the proposal of the Purchaser, for the purchase of the Bonds in accordance with the terms and conditions of this Ordinance and the Purchaser's proposal, dated July 9, 2012 (the "Proposal"). The sale of the Bonds shall be for an aggregate purchase price of not less than 97.0% nor more than 105.0% of the par amount of the Bonds issued by the City, exclusive of any original issue discount and any original issue premium, plus accrued interest, if any, from the date of the Bonds to the date of delivery thereof. The Mayor is hereby authorized and directed to accept and to execute the Proposal in the name and on behalf of the City, and the City Clerk is hereby authorized and directed to attest to such acceptance and execution. A copy of the Proposal, as presented to the Council and accepted by this Ordinance, is incorporated herein by reference and shall be attached to this Ordinance and maintained with the minutes of this meeting. The bid security, if any, accompanying the Proposal shall be held and shall be applied as provided by the Act; provided, however, that no allowance for interest shall be made by the City with respect to such bid security, except as provided by the Act.

Upon final pricing of the Bonds, the Purchaser will present to the City an Addendum to the Proposal setting forth the final terms and conditions for the Bonds, including the final principal amount, interest rates, redemption provisions and purchase price for the Bonds (the "Addendum"). As long as the terms and conditions set forth in the Addendum satisfy the parameters set forth in this Ordinance, the Mayor is hereby authorized and directed to accept and to execute the Addendum in the name and on behalf of the City.

- The Bonds, when issued, will be a general obligation of the City.

- The Bonds shall be fully registered, without coupons, in denominations of \$5,000 or any integral multiple thereof, in substantially the form hereinafter set forth in Section 10. The Bonds shall be dated as set forth in the definitive Bonds as delivered to the Purchaser in accordance with the provisions hereof, and shall bear interest from that date at the applicable rates per annum as set forth in Section 8, payable in accordance with the provisions of the Bonds and this Ordinance, semiannually on May 1 and November 1 (each an “Interest Payment Date”) in each year, commencing with the May 1 or November 1 following the delivery of the Bonds, until maturity or prior redemption.
- The Bonds shall bear interest at rates not to exceed the maximum rates of interest and shall mature, whether by maturity or mandatory sinking fund redemption on the dates and in the amounts not to exceed the maximum amounts as set forth on Exhibit A attached hereto.

The Bonds shall be subject to optional and mandatory sinking fund redemption as set forth in the definitive Bonds as delivered to the Purchaser in accordance with the provisions hereof.

In lieu of such mandatory redemption, the Paying Agent, on behalf of the City, may purchase, from money in the Sinking Fund, or the City may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, such Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the event of a partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

Any redemption of Bonds shall be upon notice effected by mailing a copy of the redemption notice by first-class mail, postage prepaid, such notice to be sent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, addressed to the registered owners of Bonds to be redeemed at their addresses shown on the registration books kept by the Paying Agent (hereinafter defined) as of the date the Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

If at the time of mailing of the notice of redemption the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by such Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under this Ordinance, and registered owners of such Bonds shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or by executive order to remain closed, then the payment of such principal and interest upon such redemption need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

- The proper officers of the City are hereby authorized, empowered and directed to contract with a bank or bank and trust company authorized to do business in the Commonwealth of Pennsylvania and who has an office in the Commonwealth of Pennsylvania (the "Paying Agent"), for its services as paying agent and sinking fund depositary in accordance with the terms and conditions of the Proposal, this Ordinance and the Act. Payment of the principal of and interest on the Bonds shall be made, when due, in accordance with the provisions of the Bonds, at the corporate trust office of the Paying Agent in lawful money of the United States of America.
- The Bonds shall be in substantially the form set forth in Exhibit "B". The form of the Bonds as submitted to the City is hereby approved in substantially such form, with such changes, insertions and variations as are necessary or appropriate to reflect the final terms, including, but not limited to, the name or designation and the final redemption provisions, of the Bonds as specified to the City in the delivery instructions of the Purchaser and such other changes as the Mayor may approve upon advice of counsel to the City, such approval to be evidenced by such officer's execution and delivery of the Bonds.
- The Bonds shall be executed in the name and on behalf of the City by the true or facsimile signature of the Mayor of the City and the true or facsimile official seal of the City shall be affixed thereunto, duly attested by the true or facsimile signature of the City Clerk. Said officers are authorized and directed to execute and attest the Bonds. The execution and delivery of the Bonds shall constitute conclusive proof of the approval of the final terms and provisions of the Bonds by the City.

No Bond constituting one of the Bonds shall be entitled to any benefit under this Ordinance nor shall it be valid, obligatory or enforceable for any purpose until such Bond shall have been registered and authenticated by the Certificate of Authentication endorsed thereon duly signed by the Paying Agent; and the Paying Agent is authorized to register and authenticate the Bonds in accordance with the provisions hereof.

The Bonds shall initially be issued in the form of one fully-registered Bond for the aggregate principal amount of the Bonds of each maturity, which Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). The Bonds issued in the name of Cede & Co. in accordance with the provisions of this Section may be issued in typewritten form satisfactory to DTC. Except as provided below all of the Bonds shall be registered in the registration books kept by the Paying Agent in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Paying Agent shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the City or the Paying Agent either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the registration books maintained by the Paying Agent, in connection with discontinuing the book-entry system as below or otherwise.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price, if any, of or interest on such Bonds shall be made to DTC or its nominee. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the City or the Paying Agent with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid.

The City and the Paying Agent shall treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners of the Bonds, registering the transfer of the Bonds, obtaining any consent or other action to be taken by registered owners of the Bonds and for all other purposes whatsoever; and neither the City nor the Paying Agent shall be affected by any notice to the contrary. Neither the City nor the Paying Agent shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Paying Agent as being a registered owner, with respect to: (1) the Bonds; (2) the accuracy of any records maintained by DTC or any such participant; (3) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (4) any notice which is permitted or required to be given to registered owners of the Bonds; (5) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as the registered owner of the Bonds.

So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the registered owners of the Bonds under this Ordinance shall be given to DTC.

In connection with any notice or other communication to be provided to registered owners of the Bonds pursuant to this Ordinance by the City or the Paying Agent with respect to any consent or other action to be taken by registered owners of the Bonds, DTC shall consider

the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the City or the Paying Agent may establish a special record date for such consent or other action. The City or the Paying Agent shall give DTC notice of such special record date not less than 10 calendar days in advance of such special record date to the extent possible.

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if: (1) after notice to the City and the Paying Agent, DTC determines to resign as securities depository for the Bonds; (2) after notice to DTC and the Paying Agent, the City determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the City or the beneficial owners of the Bonds. In any such event, unless the City appoints a successor securities depository, the Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated in writing by DTC, but without any liability on the part of the City or the Paying Agent for the accuracy of such designation. Whenever DTC requests the City and the Paying Agent to do so, the City and the Paying Agent shall cooperate with DTC in taking appropriate action after reasonable written notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

- The City covenants to and with the registered owners from time to time of the Bonds that the City (i) shall include in its budget in each fiscal year the amount of the debt service for each fiscal year of the City in which such sums are payable, (ii) shall appropriate from its general revenues in each such fiscal year the amount required to pay debt service on the Bonds for such year, and (iii) shall duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal amount of the Bonds and the interest due thereon at the dates and place and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the City shall and does pledge, irrevocably, its full faith, credit and taxing power. As provided in Section 8104 of the Act, the foregoing covenant of the City shall be enforceable specifically.
- The City hereby covenants to create and there is hereby created, pursuant to Section 8221 of the Act, a sinking fund for the Bonds, to be known as “Sinking Fund - City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Bonds, Series C of 2012” (the “Sinking Fund”) or such other name or designation as selected by the proper officers of the City from time to time shall be established with the Paying Agent and administered in accordance with applicable provisions of the Act and this Ordinance.
- The Paying Agent shall be the “sinking fund depository” with respect to the Sinking Fund created pursuant to Section 13. The City covenants and agrees to deposit in the Sinking Fund, on or before each Interest Payment Date, an amount which shall be sufficient to permit the Paying Agent to pay on such Interest Payment Date all principal and accrued interest becoming due with respect to the Bonds. After such deposit, the Paying Agent shall, without further authorization or direction from the City or any of its officials, upon proper and timely presentation, execution and surrender of the Bonds, with respect to the payment of principal of the Bonds, or at

the Interest Payment Date, with respect to the payment of interest on the Bonds, withdraw moneys from the Sinking Fund and apply such moneys to the prompt and full payment of such obligations in accordance with the terms thereof, the terms and conditions of this Ordinance and the provisions of the Act.

- Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bonds, unless (a) such Bonds are registered and authenticated as of an Interest Payment Date, in which event such Bonds shall bear interest from said Interest Payment Date; or (b) the Bonds are registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bonds shall bear interest from such Interest Payment Date, or (c) the Bonds are registered and authenticated on or prior to the Record Date preceding the first Interest Payment Date, in which event such Bonds shall bear interest from the dated date thereof, or (d) as shown by the records of the Paying Agent, interest on such Bonds shall be in default, in which event such Bonds shall bear interest from the date on which interest was last paid on such Bonds. Interest shall be paid semiannually on May 1 and November 1 of each year, commencing with the May 1 or November 1 following the delivery of the Bonds, until the principal sum is paid. Interest on the Bonds is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the City shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of the Bonds not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or the interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then the payment of such principal or interest need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

The City and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption. Bonds may

be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

The Bonds shall be transferable or exchangeable by the registered owner thereof upon surrender thereof to the Paying Agent, at its principal corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner thereof or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of the Bonds in the registration books of the City maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees new fully registered Bonds of authorized denominations of the same maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

The City and the Paying Agent may deem and treat the persons in whose names the Bonds shall be registered on the registration books of the City maintained by the Paying Agent as the absolute owners thereof for all purposes, whether such Bonds shall be overdue or not, and payment of the principal of and/or interest on the Bonds shall be made only to or upon the order of the registered owners thereof or their legal representatives, but such registration may be changed, as herein and in the Bonds provided. All such payments shall be valid and effectual to satisfy in full and discharge the liability of the City upon the Bonds so paid, to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

The City shall cause to be kept, and the Paying Agent shall keep, at the principal corporate trust office of the Paying Agent, books for the registration, exchange and transfer of Bonds in the manner provided herein and therein so long as the Bonds shall remain outstanding. Such registrations, exchanges and transfers shall be made without charge to Bondholders, except for actual costs, including postage, insurance and any taxes or other governmental charges required to be paid with respect to the same.

- If necessary, the City hereby approves the execution of one or more investment agreements, the purchase of certain U.S. Treasury obligations or any other securities or investments (the "Investments") for investment of the proceeds of the Bonds in connection with the Project and the refunding of the 2008 Bonds. The City hereby authorizes and directs the Mayor to execute and the City Clerk to attest any investment agreement on behalf of the City, in the form approved by the Solicitor and Bond Counsel of the City. The Investments shall be limited to those authorized under law for proceeds of the Bonds.
- The Mayor is hereby authorized and directed, in the name and on behalf of the City:
 - (a) to prepare, execute and certify the debt statement and borrowing base certificate required by the Act; (b) to prepare, execute and file with the Department, as required by Section 8111 of the Act, a duly attested copy of this Ordinance, with proofs of proper publication, the accepted Proposal of the Purchaser and a complete and accurate transcript of the proceedings relating to the incurring of the debt to be evidenced by the Bonds, including the debt statement and borrowing base certificate; (c) to pay or to cause to be paid to the Department all proper filing fees required by

the Act in connection with the foregoing; (d) to pay or cause to be paid from proceeds of the Bonds or otherwise, all costs and expenses incurred by the City in connection with the issuance of the Bonds; (e) to advertise the enactment of this Ordinance, as required by the Act; and (f) to take any and all other action, and to execute and deliver any and all documents and other instruments, required or permitted by the Act or by the Proposal of the Purchaser, or which they, in their sole discretion, may deem necessary, proper or desirable to effect the issuance of the Bonds, to the extent not inconsistent with this Ordinance or applicable law.

- It is hereby declared that the debt to be evidenced by the Bonds, together with all other indebtedness of the City, is not in excess of any applicable limitation imposed by the Act upon the incurring of debt by the City.
- The proper officers of the City are hereby authorized and directed to deliver the Bonds as and when issued to the Purchaser, upon due registration and authentication thereof as provided for herein, upon receipt of full and proper payment of the purchase price therefor, provided, however, that such delivery shall be effected only after the Department has certified its approval pursuant to Section 8204 of the Act.
- The Council hereby authorizes and directs the purchase of a municipal bond insurance policy or policies (the “Municipal Bond Insurance Policy”) to be issued by a municipal bond insurer acceptable to the Purchaser and the Mayor insuring the payment when due of the principal of and interest on the Bonds as provided therein. Proper officers of the City are authorized and directed to take all required, necessary and/or appropriate action with respect to such insurance, including the payment of the premium thereof. Proper officers of the City are also authorized and directed to execute any and all documents or agreements with respect to such insurance, as may be required by the insurer.
- With regard to the Bonds, the proper officers of the City are hereby authorized to execute a Continuing Disclosure Certificate (hereinafter defined) on behalf of the City and the City hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate as required by applicable law. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section.

As used herein, the term “Continuing Disclosure Certificate” shall mean one or more Continuing Disclosure Certificates to be executed by the City in order to comply with Securities and Exchange Commission Rule 15c2-12, and dated the date of issuance and delivery of the Bonds from time to time, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

As used herein, the term “Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries).

- In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the City that the remainder of this Ordinance shall remain in full force and effect.
- All ordinances or parts of ordinances, insofar as the same shall be inconsistent herewith, shall be and the same expressly hereby are repealed.
- This Ordinance shall be effective in accordance with Section 8003 of the Act.

[Remainder of Page Intentionally Left Blank]

DULY ENACTED, THIS 9TH DAY OF JULY, 2012, BY THE COUNCIL OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, IN LAWFUL SESSION DULY ASSEMBLED.

Attest:

CITY OF READING
Berks County, Pennsylvania

Linda A. Kelleher CMC, City Clerk

By:_____
Francis Acosta, President of Council

(SEAL)

•

MAXIMUM DEBT SERVICE SCHEDULE

•

BOND FORM

REGISTERED

REGISTERED

Number ____

\$_____

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CITY OF READING, BERKS COUNTY,
PENNSYLVANIA

FEDERALLY-TAXABLE
GENERAL OBLIGATION BOND, SERIES C OF 2012

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY DATE</u>	<u>DATED DATE OF</u> <u>SERIES</u>	<u>CUSIP</u>
	November 1, ____	_____, 2012	

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT \$_____

The City of Reading, Berks County, Pennsylvania (the "City"), a City existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby acknowledges itself to be indebted and promises to pay to the order of the Registered Owner hereof, or registered assigns, on the maturity date stated hereon (or upon prior redemption, as hereinafter provided), upon presentation and surrender hereof, the Principal Amount shown above and to pay semiannually on May 1 and November 1 of each year prior to maturity or redemption (each an "Interest Payment Date"), beginning _____, 20__, to the registered owner hereof, interest on such principal sum, at the rate per annum stated hereon, from the Interest Payment Date next preceding the date of registration and authentication of this City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Bond, Series C of 2012 (the "Bond"), unless (a) this Bond is registered and authenticated as of an Interest Payment Date, in which event this Bond shall bear interest from such Interest Payment Date, or

(b) this Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or (c) this Bond is registered and authenticated on or prior to the Record Date preceding _____, 2012, in which event such Bond shall bear interest from _____, 2012, or (d) as shown by the records of _____, as paying agent, at its offices located in _____, Pennsylvania, or its successor (the "Paying Agent"), interest on such Bond shall be in default, in which event such Bond shall bear interest from the date on which interest was last paid on such Bond. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such Interest Payment Date, unless the City shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of Bonds (hereinafter defined) not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

Whenever the due date for payment of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to remain closed, then payment of such interest, principal, or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day upon which banks are authorized by law or executive order to remain closed, with the same force and effect as if made on the due date for payment of principal, interest or redemption price and no interest shall accrue thereon for any period after such due date.

This Bond is one of a series of Bonds of the City known generally as "City of Reading, Berks County, Pennsylvania, Federally-Taxable General Obligation Bonds, Series C of 2012," dated as of _____, 2012 (the "Bonds"), issued by the City in the aggregate principal amount of _____ Dollars (\$_____).

The Bonds are in fully registered form, without coupons, and have been authorized and issued in accordance with the Local Government Unit Debt Act of the Commonwealth (the "Act"), without the assent of the electors, pursuant to an ordinance (the "Ordinance") of the Council duly enacted on _____, 2012. The terms and provisions of the Ordinance are hereby incorporated by reference as if set forth fully herein.

The City has covenanted in the Ordinance that it shall include in its budget the amount of the debt service for each fiscal year of the City in which principal and/or interest on the Bonds is payable, that it shall appropriate from its general revenues any

such sums for the payment of such debt service and that it shall duly and punctually cause to be paid when due principal and interest on the Bonds.

This Bond shall not be entitled to any benefit under the Ordinance nor shall it be valid, obligatory or enforceable for any purpose until this Bond shall have been authenticated by the Paying Agent.

The Bonds maturing on or after _____, shall be subject to redemption, prior to maturity, at the option of the City, in whole or in part, in any order of maturities, at any time on or after _____, at a price equal to 100% of the principal amount of the Bonds to be redeemed and accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Bonds of a particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

The Bonds stated to mature on _____, are subject to mandatory redemption prior to maturity on _____ of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

*

* at maturity

In lieu of such mandatory redemption, the Paying Agent, on behalf of the City, may purchase, from money in the Sinking Fund, or the City may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, such Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the event of a partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

Any redemption of Bonds shall be upon notice effected by mailing a copy of the redemption notice by first-class mail, postage prepaid, such notice to be sent not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, addressed to the registered owners of Bonds to be redeemed at their

addresses shown on the registration books kept by the Paying Agent (hereinafter defined) as of the date the Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

If at the time of mailing of the notice of redemption the City shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by such Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under this Ordinance, and registered owners of such Bonds shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or by executive order to remain closed, then the payment of such principal and interest upon such redemption need not be made on such date, but may be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or day on which such banking institutions are authorized to remain closed, with the same force and effect as if made on the nominal date of redemption, and no interest shall accrue after such date.

This Bond may be transferred or exchanged by the registered owner hereof only upon surrender of this Bond to the Paying Agent at its principal corporate trust office, accompanied by a written instrument or instruments of transfer in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of this Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of this Bond in the registration books maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same maturity and form for the aggregate amount which the transferee is entitled to receive at the earliest practicable time. The City and the Paying Agent may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary. All payments made to the registered owner of a Bond, as herein provided, shall be valid and effectual to satisfy in full and discharge the liability of the City upon the Bond as paid.

The City and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

The City has caused CUSIP numbers to be printed on the Bonds as a convenience to Bondholders. No representation is made as to the accuracy of such numbers as printed on the Bonds.

No recourse shall be had for the payment of the principal of or interest on this Bond, or for any claim based hereon or on the Ordinance, against any member, officer or employee, past, present, or future, of the City or of any successor body, as such, either directly or through the City or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Bond.

It is hereby certified that the approval of the Department of Community and Economic Development of the Commonwealth for the City to issue and deliver this Bond has been duly given pursuant to the Act; that all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed, precedent to or in connection with the issuance of this Bond or in the creation of the debt of which this Bond is evidence, exist, have happened and have been performed in regular and due form and manner as required by law; that this Bond, together with all other indebtedness of the City is within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; that the City has established with the Paying Agent, as Sinking Fund Depositary, a sinking fund for the Bonds and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable; and that for the prompt and full payment of all obligations of this Bond, the full faith, credit and taxing power of the City are hereby irrevocably pledged.

IN WITNESS WHEREOF, the City of Reading, Berks County, Pennsylvania, has caused this Bond to be signed in its name and on its behalf by the signature of the Mayor and its corporate seal to be hereunder affixed, duly attested by the signature of the City Clerk, as of the ____ day of _____, 2012.

CITY OF READING
Berks County, Pennsylvania

By: _____
Vaughn Spencer, Mayor

Attest: _____
Linda A. Kelleher CMC, City Clerk

(SEAL)

(FORM OF PAYING AGENT'S CERTIFICATE)

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

It is certified that this Bond is a Bond issued under the provisions of the within-mentioned Ordinance.

_____, as Paying Agent
By _____
Authorized Officer

STATEMENT OF INSURANCE

TO BE PROVIDED UPON SELECTION OF BOND INSURER

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, _____ (the
“Transferrer”), the undersigned, hereby sells, assigns and transfers unto

Name (the “Transferee”)

Address

Social Security or
Federal Employer Identification No.

the within Bond and all rights thereunder, and hereby irrevocably constitutes and
appoints _____ as attorney to transfer the
within Bond on the books kept for registration thereof, with full power of substitution in
the premises.

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed
by an approved eligible guarantor
institution, an institution which is a
participant in a Securities Transfer
Association recognized signature guarantee
program.

NOTICE: No transfer will be made in the
name of the Transferee, unless the
signature(s) to this assignment
correspond(s) with the name(s) as it
appears upon the face of the within Bond in
every particular, without alteration or
enlargement or any change whatever and
the Social Security or Federal Employer
Identification Number of the Transferee is
supplied. If the Transferee is a trust, the
names and Social Security or Federal
Employer Identification Numbers of the
settlor and beneficiaries of the trust, the
Federal Employer Identification Number
and date of the trust, and the name of the
trustee should be supplied.

(END OF BOND FORM)

TAXABLE GENERAL OBLIGATION BONDS, SERIES C OF 2012

MAXIMUM DEBT SERVICE REQUIREMENTS

DATE	PRINCIPAL	RATE	INTEREST	NET DEBT SERVICE	FISCAL YEAR DEBT SERVICE
3-Sep-12					
1-Nov-12	1,015,000.00	6.500%	157,083.33	1,172,083.33	1,172,083.33
1-May-13	-		454,512.50	454,512.50	-
1-Nov-13	225,000.00	6.500%	454,512.50	679,512.50	1,134,025.00
1-May-14	-		447,200.00	447,200.00	-
1-Nov-14	230,000.00	6.500%	447,200.00	677,200.00	1,124,400.00
1-May-15	-		439,725.00	439,725.00	-
1-Nov-15	235,000.00	6.500%	439,725.00	674,725.00	1,114,450.00
1-May-16	-		432,087.50	432,087.50	-
1-Nov-16	235,000.00	6.500%	432,087.50	667,087.50	1,099,175.00
1-May-17	-		424,450.00	424,450.00	-
1-Nov-17	235,000.00	6.500%	424,450.00	659,450.00	1,083,900.00
1-May-18	-		416,812.50	416,812.50	-
1-Nov-18	350,000.00	6.500%	416,812.50	766,812.50	1,183,625.00
1-May-19	-		405,437.50	405,437.50	-
1-Nov-19	580,000.00	6.500%	405,437.50	985,437.50	1,390,875.00
1-May-20	-		386,587.50	386,587.50	-
1-Nov-20	630,000.00	6.500%	386,587.50	1,016,587.50	1,403,175.00
1-May-21	-		366,112.50	366,112.50	-
1-Nov-21	685,000.00	6.500%	366,112.50	1,051,112.50	1,417,225.00
1-May-22	-		343,850.00	343,850.00	-
1-Nov-22	650,000.00	6.500%	343,850.00	993,850.00	1,337,700.00
1-May-23	-		322,725.00	322,725.00	-

1-Nov-23	700,000.00	6.500%	322,725.00	1,022,725.00	1,345,450.00
1-May-24	-		299,975.00	299,975.00	-
1-Nov-24	725,000.00	6.500%	299,975.00	1,024,975.00	1,324,950.00
1-May-25	-		276,412.50	276,412.50	-
1-Nov-25	615,000.00	6.500%	276,412.50	891,412.50	1,167,825.00
1-May-26	-		256,425.00	256,425.00	-
1-Nov-26	650,000.00	6.500%	256,425.00	906,425.00	1,162,850.00
1-May-27	-		235,300.00	235,300.00	-
1-Nov-27	850,000.00	6.500%	235,300.00	1,085,300.00	1,320,600.00
1-May-28	-		207,675.00	207,675.00	-
1-Nov-28	920,000.00	6.500%	207,675.00	1,127,675.00	1,335,350.00
1-May-29	-		177,775.00	177,775.00	-
1-Nov-29	1,010,000.00	6.500%	177,775.00	1,187,775.00	1,365,550.00
1-May-30	-		144,950.00	144,950.00	-
1-Nov-30	2,355,000.00	6.500%	144,950.00	2,499,950.00	2,644,900.00
1-May-31	-		68,412.50	68,412.50	-
1-Nov-31	2,105,000.00	6.500%	68,412.50	2,173,412.50	2,241,825.00
15,000,000.00			12,369,933.33	27,369,933.33	27,369,933.33

